

VZCZCXRO9955
RR RUEHFK RUEHKS RUEHNAG RUEHNH
DE RUEHKO #2901/01 3520840
ZNR UUUUU ZZH
R 180840Z DEC 09
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC 8317
RUEATRS/TREASURY DEPT WASHDC
RHEHAAA/NSC WASHDC
RUEHOK/AMCONSUL OSAKA KOBE 1822
RUEHFK/AMCONSUL FUKUOKA 8010
RUEHNAG/AMCONSUL NAGOYA 5128
RUEHKS/AMCONSUL SAPPORO 8511
RUEHNH/AMCONSUL NAHA 0356

UNCLAS SECTION 01 OF 02 TOKYO 002901

SENSITIVE
SIPDIS

DEPT FOR E, EAP, EEB, EAP/EP AND EAP/J
NSC FOR JIM LOI AND DOUG BELL
STATE PASS USTR FOR WENDY CUTLER AND MICHAEL BEEMAN
TREASURY FOR ROBERT DOHNER AND MICHAEL KAPLAN

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [EINV](#) [EAGR](#) [APEC](#) [JA](#)

SUBJECT: APEC SOM TONG'S BILATERAL ECONOMIC MEETINGS WITH MOFA AND
METI OFFICIALS

REF: Tokyo 02715

¶1. (SBU) SUMMARY: U.S. APEC Senior Official Kurt Tong met with Ministry of Foreign Affairs (MOFA) and Ministry of Economy, Trade and Industry (METI) officials to discuss U.S.-Japan bilateral economic dialogue ideas, Japan Post, whaling, the future of the investment dialogue and beef on December 8. MOFA and METI officials are eager to engage on a bilateral economic dialogue at the senior bureaucratic level and agree that initially limiting the focus of the dialogue to roughly two issues is a good idea. MOFA and METI officials, however, offered no new solutions for the other issues Tong raised. Tong also reviewed a range of substantive and operational APEC issues with his counterparts, stressing the need for the two nations to continue our strong cooperation in APEC. END SUMMARY.

Bilateral Economic Dialogue

¶2. (SBU) Tong reiterated points Undersecretary for Economic, Business, Energy and Agricultural Affairs Robert Hormats made during his November meetings with senior MOFA and METI officials (reftel). Tong said inter-agency consultations on the appropriate level and focus of a new dialogue are on-going, and that no decision has been made. He previewed a possible dialogue format that would discuss APEC coordination issues and one or two other agreed-upon topics. Small delegations would use a focused agenda to seek progress on these one or two issues.

¶3. (SBU) MOFA DG Suzuki and METI VM Ishige both indicated they liked the concept. DG Suzuki indicated Japan would like to discuss China issues at the dialogue, but Tong stressed the U.S. is not interested in talks that merely exchange notes on external problems. He suggested we could coordinate positions via APEC, talk about our respective trade agreements, or tackle specific bilateral issues. MOFA and METI were dissatisfied with the response, but agreed there are avenues to talk about China without it being a key theme. Tong said the USG intends to discuss the proposal formally soon and hopes to invite Japanese officials to a meeting in Washington in early ¶2010.

Investment

¶4. (SBU) METI Vice Minister Ishige told Tong METI is very interested in reviving and continuing the investment working group. As example of its desire to continue this beneficial and successful initiative, JETRO is presently organizing an investment seminar in San Jose that will focus on innovative companies. Tong reiterated points U/S Hormats made stating that the USG has yet to reach a consensus on

the future of our bilateral economic dialogue, including the investment initiative. The USG is currently examining the initiative with an eye to making it more relevant to jobs/employment creation and innovation. The Investment Initiative must also encourage "structural reform," a negative phrase in Japan, but this is a subject that needs to be addressed if the dialogue is to continue. Ishige agreed "reform" needs to be a component of the dialogue, and explained the Democratic Party of Japan (DPJ) is also focused on employment creation. Thus, a revised investment dialogue with a focus on jobs is also in Japan's interest.

Insurance

15. (SBU) MOFA DG Suzuki told Tong the current legislative measures in the Diet are "nothing to worry about" because they only freeze postal privatization. The new legislation does not restructure Japan Post. The next Diet session, however, could result in legislation that restructures Japan Post in a way that is "good or bad." Suzuki suggested the USG talk directly with Ministry of Vice Financial Services Minister Kohei Otsuka, a drafter of the new language, to ensure it is an improvement on the current law, and to make certain universal service is clearly defined and does not negatively impact foreign financial services firms. Tong warned Suzuki of the importance of avoiding any steps that damage the ability of foreign firms to access Japan's insurance market.

Whaling

16. (SBU) Tong pressed for Japan to dramatically lower its whaling quotas for the coming season. Suzuki told Tong violent actions from groups such as the Sea Shepherd do not help discussions on setting

TOKYO 00002901 002 OF 002

new lower Japan whaling targets. The current target of approximately 800 whales was not met in 2008 (only were 600 caught), but an agreement to reduce the annual catch to the U.S. goal of approximately 300 whales will be very hard, according to Suzuki. Whaling is an issue run by a small group of hard core Liberal Democratic Party (LDP) politicians who do not see any need to compromise on Japan's culture of whaling. The DPJ, Suzuki thought, might change the calculation somewhat, but noted it is still too early to know what the coastal and open water numbers for whaling might be.

Beef

17. (SBU) The GOJ is trying to do more on beef, but MOFA, according to Suzuki, was dismayed USTR Kirk did not discuss the topic with Ministry of Agriculture, Forestry and Fisheries (MAFF) Minister Akamatsu in Geneva when they met during the week of November 30. This, in Suzuki's opinion, slowed progress. That said, Suzuki said the United States will not like the steps Japan is going to take, which is a step-by-step approach. Tong stressed that such an approach will not work, and Japan needs to adopt OIE standards and get to full compliance. Suzuki said Japan's Food Safety Commission (FSC) needs more information to do its work, and added the information that is currently publicly available is insufficient. Tong questioned the FSC's request and stressed that all the information the FCS requires is publicly available and has been used by the World Animal Health Organization (OIE) to determine that U.S. beef is safe.

ROOS